Algeria
Agri-Food Country Profile
Statistical Overview

Forward

This information piece is provided to update the statistical information of existing documents on Algeria. Due to recent economic developments an update was deemed necessary.

Background

The Democratic and Popular Republic of Algeria has experienced political and economic setbacks throughout its development since independence. More recently, with a stable economic base provided by fossil fuels the country has been able to take strides to improve its economic and political stability. The government is focusing on modernization and international relations, with specific goals of reducing large-scale unemployment and diversifying Algeria's petroleum-based economy.

Demographics	2001
Total Population	31,736,053
Growth Rate	1.71%
Age Breakdown	
0-14 years	34.21%
15-64 years	61.72%
65 years and over	4.07%
Life Expectancy	
Total	69.9 years
Male	68.6 years
Female	71.4 years

Geography

Algeria, the largest country in Africa, is located in North Africa, in a region historically known as the Maghreb (made up of Tunisia, Morocco, Algeria, Mauritania and North-West Libya). Located on the Mediterranean Sea, Algeria is predominantly plateau and desert, with some mountains and a narrow, isolated plains. The climate is arid to semiarid, with mild, wet winters and hot, dry summers. Siroccos or hot, dust/sand laden winds are very common in the summer. Some of the mountainous areas are subject to infrequent but severe earthquakes; mudslides are also a natural hazard.

Main Cities	
Algiers	1.6 million
Oran	700,000
Constantine	600,000
Annaba	450,000
Batna	250,000
Setif	250,000
Blida	210,000

Economy

The Algerian economy has an positive record in comparison to its African counterparts, yet the government acknowledges that there is much room for growth and stability. Oil is the key factor in Algeria's more recent economic success. However the sector has contributed little change to the economy as a whole. Despite drawing in a lot of revenue for the country, the oil sector does not contribute positively to employment. As a result, Algeria's primary economic concerns are large-scale unemployment and the need to diversify the economy. While there has been difficulty rejuvenating employment, the government has a number of initiatives underway to diversify the economy such as market diversification and moves to reduce dependence on European traders.

The hydrocarbons sector is the backbone of the economy, accounting for roughly 60% of budget revenues, 30% of GDP, and over 95% of export earnings. Algeria has the fifth-largest reserves of natural gas in the world and is the second largest gas exporter. This sector continues to expand,

bringing in increasing amounts of foreign currency. Unfortunately, strides in this area have done nothing to improve unemployment.

Recent increases in oil prices have had a noticeable affect on Algeria's GDP growth. GDP growth has increased considerably in the past few years, from 3.9% in 1999 to 5.2% in 2000.

Economic Indicators	2000
GDP	US$46.3 billion
GDP Growth	5.2%
GDP per capita	US$1 410
GDP by Sector	
Agriculture	12%
Industry	50%
Services	38%

Despite the good intentions of economic reforms, economic forecasts for Algeria predicts that a weakening of oil prices in 2002 will force the government to scale back its ambitious spending and restructuring plans. Although some political unrest will remain, foreign investment should gather pace near years end, allowing for growth in GDP in 2003.

Large scale unemployment (28% in 2000) is at the root of more recent political unrest but fervent Islamic fundamentalist activists have had a costly impact on the stability of the country. The government relies greatly on the army to maintain stability, but has promised to take strides to end this period of discord. Despite no real resolution to conflict, Algeria has shown its efforts to continue reform though the election of the first non-military President.

Policy reforms supported by the International Monetary Fund and debt rescheduling from the Paris Club helped Algeria's financial and economic indicators improve during the mid-1990s. In 2000, Algeria's finances benefitted from the rise in oil prices and the government's tight fiscal policy, leading to a large increase in the trade surplus, the near tripling of foreign exchange reserves, and reduction in foreign debt. Efforts by the government continue to diversify the economy by attracting foreign and domestic investment outside the energy sector.

Labour Force	
Total	9.1 million
Unemployment Rate	30% (1999e)
By Sector	
Government	29%
Agriculture	25%
Public Works	15%
Industry	11%
Other	20%

With 70% of the population under the age of 30, the Algerian government has recognized the need for decisive action to alter the countries employment numbers. The rate of unemployment, though already high at 28%, reaches a pique of 60% among young workers. With an increasing amount of urbanization to add to the mix, the government will be actively seeking new plans to employ the growing out-of-work youth contingent.

Consumer Market

It is difficult to assess the potential for western consumer goods in Algeria as the Algerian consumer market has not been exposed to western type marketing techniques. As a traditional society, marketing approached must be simplified. The best way to promote a product to Algerians is through direct contact with procurement officers in corporations. Brochures are the medium of choice. Algerian businesses attach a good deal of importance to technical brochures, and always like to have an idea of the price before entering into discussions. As well, advertiser's messages are published in local magazines and newspapers and specialized economic magazines, on the radio or

television, or on signs provided by the ANEP (Agence Nationale d'Édition et de Publicitéé). However, the full effect of advertising on purchases has yet to be realized.

Algerians have a diet rich in meat and dairy products. Mutton and lamb dominate Algerian consumption, followed by beef. Veal, horse and rabbit are eaten in small quantities. Pork is not marketed in Algeria as it is prohibited by Islam. Among the white meats, Algeria essentially consumes chicken and, to a lesser degree, turkey. Grain legumes continue to be a staple of the Algerian diet. In the Maghreb region, Algerians are the biggest milk consumers. Algeria's needs are estimated at 3 billion liters/year, two thirds of which must be imported.

The following products are in demand by Algeria and can be of particular interest to Canadian companies: durum wheat, soft wheat, barley, grain legumes, malt, potatoes, butter, powdered whole milk, powdered skim milk, evaporated milk, animal tallow, mixed feed for animals and canola oil.

Agriculture

The agriculture sector is growing in importance in Algeria. With a growing population and an oil sector that employs very few Algerians, the Algerian government is seeking to improve the sector and in order to cut back on the amount of food it must import. Algeria is improving agricultural production techniques and sustainability, but for the near future at least the country will continue to rely on imports to feed the population.

Algeria's agri-food sector is at the heart of the restructuring policies enacted by its government. This sector has very strong potential, but requires considerable resources and the careful regulation of land irrigation, a primary concern of farmers.

Algeria's agriculture sector generally at the mercy of climatic conditions, which impact substantially on harvest figures from year to year. Downsizing the affects of climate conditions through the use of irrigation should be a priority for future farm policy. As well, the low level of mechanization in the farm sector has limited production capabilities.

At present, Algeria's agriculture sector employs nearly 25% of the labour force. It contributes 12% of the GDP and creates nearly 15% of the country's total value added production. Currently, the government is enacting policies to alleviate unemployment by creating more jobs in the sector.

The Algerian government has taken a number of measures to bolster the agriculture sector, which include: $400 million in credit, farm debt rescheduling, sectoral restructuring and various new development programs, especially in the South. This process will call for technical assistance and farm equipment that is not available in Algeria, which may represent a large market for Canadian firms, especially in terms of the technical assistance required for building a modern agricultural system.

Within agriculture, the cereals sector is particularly affected by problems with efficiency and outdated technology. Durum wheat takes up 43% of the country's production area, followed by soft wheat at 18.9%, but despite this, Algeria continues to buy half of the world supply of Durum wheat each year. The low level of mechanization, under-use of chemicals and fertilizers, irrational land use and a poor cropping and crop rotation system all contribute to this inefficiency.

National production of edible oils and fat are limited to olive oil. In 1996, oil olive production reached 34,513 tonnes as significant gain from the production of 14,085 tonnes in 1995. Except for

olive oil, virtually all vegetable oils are imported. Canada is absent from this sector. It should be noted that canola oil is currently subject to a 45% tax, the same rate as olive oil, whereas the other vegetable oils, which are not compared to olive oil, are taxed at only 7%.

Algerians also lack efficient production techniques for grain legumes. Approximately 66% of grain legumes consumed in Algeria are imported to a total of over $184 million. Canadian lentils are highly praised in this market.

Trade

The trade structure in Algeria shares many characteristics with other North African and Middle Eastern nations. Oil has consistently been the main source of revenue for Algeria and world economic growth will continue to fluctuate with Algeria's oil prices. Average crude oil prices in 2001 were 14.4% lower than the historic highs reached in 2000, and this had a significant impact on export earnings.

Algeria's main export markets are Italy, United States, France and Spain. Algeria's primary exports are hydrocarbons, dates and wine. Algerian primary imports sources are Italy, United States, France and Spain. Imports consist primarily of grains, agri-food products, raw materials, and capital and consumer goods. Algeria's total exports in 2000 were US$17.8 billion and imports amounted to US$11.9 billion.

As a result of little agricultural efficiency, and plentiful oil revenues, Algeria imports a huge amount of its food needs. Algeria sources a majority of its agricultural imports from France, Italy, United States, Spain and Canada. Agri-food products were Algeria's second largest import at US$2.7 billion behind industrial and agricultural equipment at US$3 billion. Physical plant components were the third largest import category at US$2.4 billion.

In its international transactions, Algeria generally does not employ compensatory trade, but the Algerian party occasionally asks foreign firms to help in the sale of Algerian products abroad, either through their knowledge of international markets or as part of a commercial transaction with Algeria. This arrangement can create the opportunity for counterpart importing in an exporting operation. Export of products subject to this agreement must not be the subject of a suspension measure or be under state monopoly, as in the case of hydrocarbons. However, Algerian products that do lend themselves to exporting are wine, fresh fruit and vegetables, cork, olives and olive oil, phosphate, some textiles, chemical and iron and steel products, and some mining products.

Market Access

Despite recent government initiatives in all areas of public business, it is not easy to penetrate this market. Algerian organizations tend to deal only with foreign partners who have managed to gain their confidence through personal visits, careful follow-up, and an ability to honour commitments. It is often necessary to have previous international experience and to spend large amounts on market development, but the contracts are substantial in terms of length.

Importing, long a state monopoly, is becoming increasingly liberalized. With the help of the IMF and the World Bank, Algeria has been moving toward a market economy and has been trying to encourage private initiatives. Exemplifying this, the private sector accounts for 100% of ownership in agriculture, has minority representation in hydrocarbons, and leads the way in commerce and services (78%). Private ownership is growing in other market sectors such as, transportation and communications (44%), but public ownership

continues to dominate industry, construction, public works and the mining sector.

Trade Agreements

Algeria belongs to a number of trade agreements which are growing in strength. Algeria belongs to the Arab Maghreb Union, for which it played a key role in organizing. Nations party to this agreement include Algeria, Tunisia, Morocco, Libya, and Mauritania. This alliance is a political, economic and strategic area for Algerian foreign policy objectives. The nations who belong to this agreement have historically maintained highly integrated interests. Their agreement calls for regional co-operation to further protect Maghreb exports and North African migrant workers from a powerful European Community, as well as the establishment of an economic community. Algeria will host a summit for the leaders of the member nations in June 2002 to discuss further initiatives.

Bilateral investment agreements are in place between Algeria and France, Italy, Belgium, and Spain. Negotiations continue with Canada, Russia, Portugal, and India. Most of these agreements contain provisions against double taxation.

Algeria has consistently maintained lasting interests with France. The relationship between France and Algeria is conditioned by history and by the weight of immigration. While political ties have been hard to establish, 2000 saw a positive step with the first state visit to France by an Algerian president since 1962. Cultural ties have been the backbone of this relationship. Some three million North Africans live in France and French is an official language in Algeria.

Algeria maintains affiliations with the following international organizations:
International Development Association (IDA), African Development Bank (ADB), International Bank for Reconstruction and Development (IBRD), Customs Cooperation Council (CCC), International Monetary Fund (IMF), G-15, G-19, G-24, G-77, Office of the United Nations High Commissioner for Refugees (UNHCR), International Maritime Satellite Organization (INMARSAT), International Telecommunications Satellite Organization (INTELSAT), International Criminal Police Organization (INTERPOL), League of Arab States, International Civil Aviation Organization (ICAO), World Meteorological Organization (WMO), World Intellectual Property Organization (WIPO), International Organization for Standardization (ISO), World Trade Organization (WTO) (under negotiation), World Health Organization (WHO), United Nations (UN), Food and Agriculture Organization of the United Nations (FAO), Organization for the Petroleum Exporting Countries (OPEC), Organization for Security and Cooperation in Europe (OSCE) (partner), Organization of the Islamic Conference (OIC), Organization for African Unity (OAU), Arab Maghreb Union (AMU), Arab Monetary Fund (AMF), Gulf Co-operation Council (GCC), International Telecommunication Union (ITU), United Nations Conference on Trade and Development (UNCTAD), United Nations Educational, Scientific and Cultural Organization (UNESCO), Universal Postal Union (UPU), Arab Bank for the Economic Development of Africa (ABEDA), International Confederation of Free Trade Unions (ICFTU), International Fund for Agricultural Development (IFAD), Organization of Arab Petroleum Exporting Countries (OAPEC) and the United Nations Industrial Development Organization (UNIDO)

Investment

Promoting foreign investment is an important part of Algeria's new policy of economic openness. Since undertaking reforms to create a more open

economy, Algeria has been gradually building an institutional and regulatory framework, with the goal of lifting restrictions imposed on foreign investment and taking appropriate measures to further encourage foreign investment. One of these measures includes reforming the taxation system in order to increase flexibility and allow for greater transparency and efficiency. Foreign investors will benefit from this and other tax incentives such as a five year tax relief for companies.

In Algeria, the freedom to invest and equal, non-discriminatory treatment of all investors is legally entrenched, both for residents and non-residents. Domestic and foreign promoters are free to pursue any form of investment without restriction.

Canada - Algeria Trade and Investment

Algerians take a favorable view of Canada's international policies, including those toward the developing world. There is a mutual desire within both governments to intensify relations. Canada's technology and the ability of Canadian firms to work in French are definite advantages. As well, recent years have seen several missions by Canadian groups to help improve and modernize the Algerian agriculture sector. Canada also provides financial assistance through open lines of credit. These reached $111 million in 1997 after having been only $9 million for all of Africa in 1996. At present, total approved lines of credit amount to $170 million. All of these factors combine to cultivate new prospects in Algeria for Canadian firms working in the agri-food sector.

In 1999, the flow of trade between Canada and Algeria amounted to nearly $1.1 billion, 4 times more than with Morocco and 13 times more than with Tunisia. In 2000, total Canadian exports to Algeria were valued at $1.25 billion while imports from Algeria were values at $494 million, resulting in a trade surplus of $756 million.

Canada's largest agri-food export to Algeria in 2001 was wheat with a value of $199.8 million. Wheat make up 79% of total agri-food exports. Edible vegetables, roots, tuber and pulses earned $32.3 million representing 13% with food industry residues , waste, and prepared fodder at $9.1 million or 3%. Other main exports include oil seeds and dairy products earning $6.3 million (2.5%) and $6.3 million (2.4%) respectively.

Algeria - Canada Bilateral Trade	
Algeria Total Exports	US$17.8 billion (2000e)
Imports	US$11.9 billion (2000e)
Trade Balance	US$5.9 billion
Total Canadian	
Exports to Algeria	$1.25 billion(2000)
Imports from Algeria	$494 million (2000)
Trade Balance	
Canadian Agricultural	
Exports to Algeria	$252.4 million(2001)
Imports from Algeria	$1.55 million(2001)
Trade Surplus	$250.85 million

Canada's agricultural exports to Algeria are dominated by bulk commodities. Canada exported $205.9 million in bulk products in 2001, representing more than 80% of total agricultural exports. Exports of intermediate goods fluctuate from year to year. In 2001, Canada exported $43.5 million in intermediate products a slight decrease over 2000. Canada's exports of consumer products make up a small percentage of total agricultural exports. However, 2001 saw a dramatic increase in Canada's exports of consumer goods. Exports were valued at $4.3 million, a four million dollar increase over 2000 and double the export totals for 1998 and 1999.

Approximately 69% of Canadian agricultural exports to Algeria in 2001 were from

Saskatchewan. Alberta followed with 17%, while Ontario and Quebec combined for 12%. The remaining 2% came from Manitoba and British Columbia.

Canada's agricultural imports from Algeria are dominated by wine and dates, comprising over 90% of total agricultural imports from the country. Canada's largest import from Algeria in 2001 was wine at $772,249 or 50% of all imports. Dates represented over 40% of imports with a value of $636,913. Following wine and dates, olive oil $57,062, citrus fruit $32,967 and tobacco $25,116 were the only other significant imports. In 2001 the only province to receive agricultural imports from Algeria was Quebec.

For more information on Algeria:

Canadian Trade Commissioner Service Country Profile www.infoexport.gc.ca

Canadian Trade Commissioner Service: Doing Business in Algeria: www.infoexport.gc.ca

Canadian Agri-Food Trade Service: Algeria, The Agri-Food Sector: http://ats.agr.ca